

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 IO-13 ISO-00 EB-08 TRSE-00 FRB-03 L-03  
OMB-01 COME-00 CIAE-00 INR-07 NSAE-00 /058 W  
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INFO AMEMBASSY AMMAN  
AMEMBASSY BRUSSELS  
AMEMBASSY CAIRO  
AMEMBASSY JIDDA  
AMEMBASSY RABAT  
AMEMBASSY TUNIS  
USMISSION USUN NEW YORK

C O N F I D E N T I A L DAMASCUS 1633

E.O. 11652: GDS  
TAGS: EFIN, SY  
SUBJECT: ROCKEFELLER VISIT TO SYRIA: CHASE FINDS SYRIANS  
FORTHCOMING AND RECEPTIVE

REF: STATE 33547

1. DAVID ROCKEFELLER, ACCOMPANIED BY CHASE VICE PRESIDENT JOSEPH REED AND LOCAL CHASE REPRESENTATIVES, MADE WHIRLWIND 22-HOUR VISIT TO SYRIA MARCH 8-9. SCHEDULE INCLUDED DINNER FOR PRIVATE SECTOR HOSTED BY AMBASSADOR AND VISITS TO DEPRIMIN FOR ECONOMIC AFFAIRS SHAYYA, DIRECTORS OF CENTRAL AND COMMERCIAL BANKS, AND MINISTERS OF ECONOMY AND FINANCE. HOPED FOR-APPOINTMENT WITH PRIMIN DID NOT PAN OUT. ROCKEFELLER HAD HIGHLY CORDIAL EXCHANGE WITH DEFENSE MINISTER TLASS AT LUNCHEON GIVEN BY MIN ECONOMY.

2. ALTHOUGH PRIMARY PURPOSE OF VISIT WAS TO WORK OUT FOREIGN EXCHANGE PROBLEMS WITH COMMERCIAL BANK (MORE BELOW),  
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ROCKEFELLER DESCRIBED VISIT TO DEPRIMIN SHAYYA AS "MOST INTERESTING DEVELOPMENT OF VISIT". HE SURPRISED CHASE TEAM WITH A VERY FORTHCOMING AND FRIENDLY INVITATION FOR CHASE TO ESTABLISH OPERATIONS IN SYRIA. ALTHOUGH NOT HIMSELF DEEPLY INFORMED ON BANK MATTERS, SHAYYA, ACCORDING TO ROCKEFELLER, KNOW APPROXIMATELY WHAT HE WANTED AND CALLED IN MINECON AND FOREIGN

TRADE IMADI TO INSTRUCT HIM IN FRONT OF ROCKEFELLER TO  
"GET TO WORK ON BRINGING IN CHASE."

3. ROCKEFELLER TOLD EMBASSY THAT CONCLUSION REACHED  
AT END OF MEETINGS WAS THAT TWO CHASE VICE PRESIDENTS,  
RICHARD HIGGERSON AND RICHARD FENN, WOULD COME TO DAMASCUS  
MARCH 13 TO ESTABLISH A FRAMEWORK WITHIN WHICH A CHASE  
RESEARCH TEAM CAN INVESTIGATE POSSIBILITIES FOR SYRIA.  
THE RESEARCH TEAM WILL MAKE A DETAILED STUDY OF THE  
BANKING SYSTEM, SYRIAN LAWS AND REGULATIONS, AND BANKING  
POTENTIAL IN SYRIA, AND THEN DRAW UP A PROPOSAL. ROCKEFELLER  
ADMITTED THE PROPOSAL WILL ALMOST CERTAINLY INCLUDE  
RECOMMENDATIONS FOR CHANGES IN SYRIAN LEGISLATION AND  
REALIZES THIS MAY POSE PROBLEM. ROCKEFELLER CONFIED  
THAT EVEN IF CHASE WERE ABLE TO ESTABLISH OPERATION IN SYRIA,  
IT MAY NOT BE PROFITABLE TO OPERATE HERE.

4. CHASE TEAM DESCRIBED SYRIANS AS "UNEXPECTEDLY  
FRIENDLY AND FORTHCOMING" IN DISCUSSING THEIR FOREIGN  
EXCHANGE PROBLEMS. ALTHOUGH RELUCTANT TO GO INTO DOLLAR  
AND CENT DETAILS, CHASE OFFICERS TOLD US THAT SYRIA HAS  
SERIOUS PROBLEMS MANAGING FOREIGN EXCHANGE FLOWS,  
PERIODICALLY WORKING ITS RESERVES DOWN TO NEGATIVE BALANCES,  
INCLUDING OVERDRAFTS ON LCS. THE PROBLEM IS BASICALLY  
TRACEABLE TO THE FACT THAT SYRIA'S PRINCIPLE EXPORT,  
PETROLEUM, IS SOLD IN SPOT MARKET IN NUMEROUS SMALL  
TRANSACTIONS WITH A LARGE NUMBER OF CUSTOMERS WHO PAY IN  
DIFFERENT CURRENCIES AND UNDER VARYING TERMS. CHASE HAS  
RECEIVED A PROPOSAL FROM THE COMMERCIAL BANK TO ESTABLISH  
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A SYSTEM TO MONITOR AND MANAGE THESE FOREIGN EXCHANGE  
FLOWS SO AS TO PERMIT COMMERCIAL BANK TO MAINTAIN A  
LARGE FLOAT. THE CHASE TEAM REMARKED THAT ALTHOUGH  
SYRIA'S BASIC FOREIGN EXCHANGE POSITION IS NOT STRONG, ITS  
POSITION BEING SO DEPENDENT ON ARAB AID, THE MOST SERIOUS  
PROBLEM HERE IS NOT THE FINAL BALANCE SHEET, WHICH CHASE  
BELIEVES SYRIA CAN MANAGE, SO MUCH AS THE PROBLEM OF  
MANAGING FLOWS.

5. COMMENT:

SHAYYA'S INVITATION TO CHASE SUGGESTS NEW DEPARTURE  
FOR GOVERNMENT WHOSE BANKING SYSTEM, SINCE PRIVATE BANKS  
WERE NATIONALIZED IN EARLY 1960S, HAS GAINED REPUTATION FOR  
BUREAUCRATIC INEFFICIENCY. IN OUR JUDGMENT, SYRIAN ATTITUDE  
MOTIVATED AS MUCH BY NEED TO MODERNIZE BANKING OPERATIONS  
OF COUNTRY INCREASINGLY INVOLVED IN INTERNATIONAL TRANSACTIONS  
AS BY DESIRE TO LIBERALIZE ECONOMY AND STRENGTHEN ITS LINKS  
TO WEST, BUT ELEMENTS OF BOTH ARE INVOLVED.

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## Message Attributes

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**Disposition Date:** 22 May 2009  
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**Type:** TE  
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